

MINUTES
ENTERPRISE ZONE COMMISSION MEETING
WEDNESDAY, APRIL 28, 2010

1. CALL TO ORDER

The meeting was called to order by Chair Biede at 5:03 p.m.

The Commission made introductions and welcomed Melissa Head, the new City Council representative. Also introduced were Julie Stavneak and Jim Royer, co-owners of J Development company representing the 32 Dillman Drive Limited Liability Company application.

2. ROLL CALL

Present: Biede, Halverson, Head, Jares, Milford and Stazzoni

Absent: Andersen, Hornbeck and Prichard

CD Staff: Brenda Carrico

Others: Julie Stavneak and Jim Royer

3. ADOPTION OF AGENDA

Motion by Milford, second by Stazzoni to adopt the agenda as printed. Motion carried by unanimous voice vote.

4. APPROVAL – MINUTES OF JANUARY 7, 2010

Jares questioned the presence of a quorum at the January 7, 2010 meeting. Carrico replied that a quorum was not present, but the Commission's by-laws state: "In the event that a quorum cannot be obtained, a vote may be conducted by telephone or mail of the absent members, after the scheduled public hearing." Carrico polled the absent members from the January meeting to obtain a majority vote necessary to pass the motion/resolution. Carrico said she would correct the minutes to reflect this. Motion by Jares, second by Halverson to adopt the minutes as amended. Motion carried by unanimous voice vote.

5. PROOF OF PUBLICATION

Presented by staff.

6. REVIEW OF APPLICATIONS

A. Establishment of EZ-7

Carrico began by stating that the establishment of EZ-7 and the request from 32 Dillman Drive Limited Liability Company are connected. She reviewed the application for the establishment of EZ-7. The state law allows the designation of an Enterprise Zone using the following criteria:

- 1) The area must have a per capita of \$12,648 or less based on the 2000 census.
- 2) The area must have a family poverty rate of 12 percent or higher based on the 2000 census.
- 3) Ten percent or more of the housing units must be vacant in the area.
- 4) The valuations of each class of property in the designated area must be 75 percent or less of the citywide average for that classification based upon the most recent valuations for property tax purposes.
- 5) The area must be a blighted area, as defined in Iowa Code section 403.17.

As proposed, EZ-7 is bounded by Dillman Drive on the north, Highway 6 on the south and Simms Avenue on the east. The area currently contains a 96 unit multi-family housing project

(Pine Ridge Apartments) in deteriorated condition and several smaller vacant properties that the City desires to develop.

Certification for the proposed EZ-7 is based on vacancy, valuation and blight criteria. The area consists of three parcels containing 96 housing units of which 18.75% are vacant. These 96 housing units are 53.12% of the average assessed value of similar apartment units. Lastly, the area is defined as blighted in accordance with Iowa Code section 404.1.1 and 404.1.2. Carrico added information on the past and current state of the Pine Ridge Apartments.

Jares asked for clarification on the ability to add new zones. Carrico replied that the Legislature just extended the EZ law this year and the City has the ability to add new zones until July 1, 2012. The legislation was set to expire on June 30, 2010.

Carrico added that staff is also recommending the addition of 100% tax abatement on the actual value added by improvements to real property beginning the year the improvements are first assessed for valuation, which is the same as all of the other zones. This exemption is only for eligible businesses and multi-family housing and specifically excludes single family residential projects. City staff also recommends the adoption of the same local requirements as all of the other zones.

Halverson inquired when construction would begin and Stavneak responded they hoped to begin July 1st of this year.

Motion by Jares, second by Head to adopt EZ-7 as presented. The motion carried by a unanimous voice vote of those present.

B. 32 Dillman Drive Limited Liability Company

Carrico briefly summarized the project for the Commission. The Pine Ridge Apartments was originally developed in 1975 and is a very visible apartment community in Council Bluffs. The property was placed into receivership in August of 2007 and was eventually foreclosed upon by the lender (First Savings Bank). The property was placed into receivership for a multitude of reasons including the following: failure to make monthly mortgage payments, less than 50% occupancy, lack of proper tenant documentation, uninhabitable units due to water infiltration, mold and plumbing line problems, collapse of the property's retaining wall along Highway 6 and loss of tenant based vouchers from the Municipal Housing Agency. Seldin Company was assigned as the Receiver and has continued to manage the property for the lender. Upon becoming the property manager, Seldin has renovated 16 units and increased occupancy to 81%. A development team (32 Dillman Drive Limited Liability Company) has been formed to acquire the property, renovate the units and reposition the property as a desirable place to live.

The LLC has requested EZ benefits as a part of their financing package. The project is expected to cost \$7,400,000. Other sources of funds are expected to be bank financing, owner equity and an I-JOBS grant from the State of Iowa (through the City of Council Bluffs).

Again, Julie Stavneak and Jim Royer introduced themselves to the Commission and briefly talked about their business background and experience. Jares inquired about the role J Development will play in the project. Stavneak replied that they will act as the general contractor, developer and general partner. Stazzoni questioned who the other partner is to which

Stavneak responded it is Bob Dean, who works for Seldin. Halverson asked how long construction will take and Royer replied that he hoped it would be completed by January of 2011.

Milford asked about the type of exterior improvements to be made to the property. Royer listed them: remove the vinyl siding, add wrap, put up HardiPlank, break the building up into different reveals, alter the entrances visually, remove the wood railings and replace with steel, retaining wall improvements, remove two garage buildings and replace with surface parking and add more green space. Milford followed up with a question about adequate parking as the cul-de-sac often has cars parked on both sides of it. Royer clarified that another row of parking will be added with the demolition of the garages and that the location of the current parking garages is problematic with vehicles getting blocked in. Stazzoni asked about the number of garages remaining and how they will be allocated. Royer responded that there will be 24 garage stalls remaining and they will be available on a first come, first served basis. Stavneak added that the site is not properly drained leading to mold issues so they will be spending a lot of money on site improvements as well.

Carrico explained that the development team and the City committed to attracting tenants making 60% of the area median family income. This means tenants cannot have incomes that exceed \$29,350 for a one person household, \$33,550 for a two person household and \$37,750 for a three person household. The project will be managed by Seldin Company. Stazzoni questioned J Development about the length of their investment in this property. Stavneak responded they are looking at this property as a long term investment. Jares asked about any grant restrictions and Carrico stated that the City of Council Bluffs has agreed to a 15 year compliance monitoring period, including file audits, inspections of the units and income verifications. Head inquired about the current tenants and their displacement. Carrico answered that the urban revitalization plan contains a section for the provision of relocation benefits including financial payments and moving expenses. Carrico added this area is currently being examined for the establishment of an urban revitalization area and all state and local incentives will be clarified in a negotiated development agreement.

Motion by Milford, second by Jares to concur with staff's recommendation and approve the applicant's request for Enterprise Zone benefits as submitted. The motion carried by a unanimous voice vote of those present.

Stavneak added that the bank has currently spent about \$1 million in improvements since they acquired the property. Jares asked if they would acquire the property with a quitclaim deed or a warranty deed to which Stavneak replied they will be obtaining a warranty deed.

Carrico informed the Commission and the applicant that City Council will review this application at the meeting on May 10, 2010 and they should be present to answer any of Council's questions.

7. OTHER BUSINESS – N/A

8. ADJOURNMENT

Motion by Stazzoni, second by Jares to adjourn the meeting at 5:35 p.m. Motion carried by unanimous voice vote of these present.